

Message Text

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ORIGIN ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 TRSE-00 XMB-02
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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY OTTAWA
AMEMBASSY BERN
AMEMBASSY OSLO
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY PORT OF SPAIN
AMEMBASSY CARACAS
AMEMBASSY MADRID

C O N F I D E N T I A L STATE 135951

E.O. 11652: GDS

TAGS: ECIN, EAIS, JA

SUBJECT:CARIBBEAN GROUP
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REF: (A)PARIS 15743 (B) PARIS 16280

1. JAPAN WAS REPRESENTED AT CARIBBEAN GROUP DONORS MEETING
IN PARIS ON MAY 16 BY MEMBERS OF ITS PARIS EMBASSY WHO
CONTRIBUTED LITTLE TO MEETING AND PLEDGED NOTHING TO
CARIBBEAN DEVELOPMENT. THIS IS A CONSIDERABLE DISAPPOINT-

MENT SINCE FIRST SECRETARY NISHIMURA OF JAPANESE EMBASSY HERE TOLD DEPARTMENT GOJ WAS VERY INTERESTED IN CARIBBEAN GROUP, WOULD SEND REPRESENTATION FROM TOKYO TO DONORS MEETING, AND WAS FAVORABLY CONSIDERING AN EMBASSY RECOMMENDATION THAT JAPAN CONTRIBUTE TO GROUP. NISHIMURA SAID EMBASSY RECOMMENDATION WAS BASED ON BELIEF THAT CONTRIBUTION TO U.S. INITIATIVE TO HELP TROUBLESOME CARIBBEAN ON U-S. DOORSTEP WOULD DEMONSTRATE JAPANESE GOODWILL AND WILLINGNESS TO HELP. EMBASSY SAID THIS WOULD BE PARTICULARLY USEFUL IN VIEW OF CURRENT U.S. BALANCE-OF-PAYMENTS AND TRADE DIFFERENCES. FURTHERMORE, AMOUNT INVOLVED WOULD BE RELATIVELY SMALL--TOTAL BEING SOUGHT BY IBRD FROM ALL DONORS FOR CARIBBEAN DEVELOPMENT FACILITY (CDF) WAS ONLY \$125 MILLION A YEAR. NISHIMURA ALSO SAID AID TO CARIBBEAN WOULD HELP OVERCOME GROWING CRITICISM FROM CARIBBEAN COUNTRIES THAT JAPAN WAS DOING NOTHING FOR AREA DESPITE RISING JAPANESE EXPORTS TO IT.

2. JAPANESE RECENTLY TOLD SENIOR BRITISH VISITOR TO TOKYO THEY WOULD CONSIDER CONTRIBUTING TO JAMAICA IF U.S. INDICATED SUCH ASSISTANCE OF SUFFICIENT PRIORITY. GOJ ALSO NOTED TO BRITISH THAT JAMAICA AND CARIBBEAN IS IN US BACKYARD.

3. DRAWING ON MATERIAL IN REFS. A AND B, EMBASSY IS RECONFIDENTIAL

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QUESTED TO RAISE ISSUE OF A JAPANESE CONTRIBUTION TO CDF AT APPROPRIATE HIGH LEVELS IN GOJ IN BOTH FOREIGN AND, AT EMBASSY'S DISCRETION, FINANCE MINISTRIES AS WELL AS IN OTHER PARTS OF GOJ. INTENT IS TO GET MESSAGE THROUGH THAT U.S. DOES WANT JAPANESE TO CONTRIBUTE TO CDF AND HOPES JAPAN WILL ANNOUNCE ITS INTENTION TO DO SO AT JUNE 2 DONORS MEETING IN WASHINGTON. (FYI: JUNE 1 DONORS MEETING HAS NOW SLIPPED TO JUNE 2; UK IS ORGANIZING A MEETING ON AID TO JAMAICA HERE ON JUNE 1. END FYI.). IN MAKING APPROACHES YOU WOULD STRESS THE FOLLOWING:

A. WE WOULD BE WILLING TO PROVIDE UP TO 30 PERCENT OF INITIAL AGREED ON CONTRIBUTIONS TO CDF, AND NEED CONTRIBUTIONS FROM MANY OTHER DONORS TO SHOW WIDESPREAD SUPPORT FOR CARIBBEAN AND CONVINCE RECIPIENT COUNTRIES THEY CAN LOOK TO INTERNATIONAL COMMUNITY NOT JUST SINGLE DONORS. WE WOULD EXPECT OUR CONTRIBUTION TO AMOUNT TO ON THE ORDER OF \$20 MILLION IN A DEVELOPMENT LOAN, SUBJECT TO APPROPRIATE NOTIFICATION TO AND APPROVAL BY OUR CONGRESS, AS WELL AS UP TO \$17.5 MILLION IN AGRICULTURAL COMMODITIES OUR CONTRIBUTION WOULD BE CONDITIONED ON COMMITMENTS BY RECIPIENTS TO THE ECONOMIC POLICY AND DEVELOPMENT PROGRAM

ACTIONS ENDORSED BY THE RESPECTIVE COUNTRY SUBGROUPS.

B. WE CONDUCT ASSISTANCE PROGRAMS ALL AROUND THE WORLD NOT JUST ON THE BASIS OF PROXIMITY OR TRADITIONAL INVOLVEMENT IN A GIVEN REGION. FOR EXAMPLE, WE AGREED TO INCREASE OUR SHARE OF THE AFRICAN DEVELOPMENT FUND DURING THE RECENT NEGOTIATIONS, AND WE HAVE AGREED TO MAINTAIN OUR CURRENT 22 PERCENT SHARE IN THE GENEROUS REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND JUST AGREED UPON. WE GIVE THE IMAGINATIVE IBRD MULTILATERAL APPROACH TO THE CARIBBEAN HIGH PRIORITY AND HOPE OTHERS WILL DO SO ALSO.

C. PRIME MINISTER FUKUDA HAS ANNOUNCED JAPAN WOULD DOUBLE ITS OFFICIAL DEVELOPMENT ASSISTANCE OVER THE NEXT THREE
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YEARS.

D. WE HOPE SOME OF THE INCREASE IN JAPANESE AID CAN GO TO THE CDF FOR THE CARIBBEAN TO WHICH WE ATTACH GREAT IMPORTANCE.

E. JAPANESE PARTICIPATION IN THE JUNE 2 MEETING ON THE CDF AND A SUBSTANTIAL JAPANESE CONTRIBUTION WOULD HELP OVERCOME RESERVE OF OTHER DONORS.

F. JAPANESE CONTRIBUTION OF CONCESSIONAL ASSISTANCE TO CDF ALONG WITH CONTRIBUTIONS FROM U.S. AND EUROPEAN COUNTRIES WOULD ALSO HELP GIVE CDF A MORE INTERNATIONAL CHARACTER WHICH WE DESIRE.

G. CDF AND BALANCE-OF-PAYMENTS ASSISTANCE FUND BEING PUT TOGETHER BY UK AND IMF FOR JAMAICA ARE COMPLEMENTARY.

H. ASSISTANCE TO CARIBBEAN, WHICH RUNS INCREASINGLY LARGE BALANCE-OF-PAYMENTS DEFICIT WITH JAPAN, WOULD HELP OVERCOME GROWING DISSATISFACTION IN AREA WITH LACK OF JAPANESE ASSISTANCE, GIVEN EXTENT OF JAPANESE COMMERCIAL INTEREST THERE. CONTRIBUTION TO CDF WOULD BE ESPECIALLY APPROPRIATE AS CDF WILL BE USED TO MAINTAIN ACCEPTABLE LEVELS OF DEVELOPMENT EXPENDITURES WHILE PERMITTING RECIPIENTS WITH BALANCE-OF-PAYMENTS PROBLEMS TO EXERCISE PRUDENT POLICIES DIRECTED TOWARD ACHIEVING SUSTAINED FINANCIAL STABILITY. DESTABILIZING BALANCE-OF-PAYMENTS PROBLEMS OF CARIBBEAN ARE GROWING AND HAVE ALREADY UNDERMINED CARIBBEAN COMMON MARKET (CARICOM) AS RESULT OF TRADE RESTRICTIONS APPLIED FOR PAYMENTS REASONS. FURTHER CURTAILMENT OF FREE TRADE IS NOT IN INTERESTS OF U.S. OR JAPAN.

I. IN OVERALL JAPANESE AID TERMS AMOUNT BEING SOUGHT FOR CDF IS COMPARATIVELY SMALL.
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J. U.S. CONTRIBUTION IS ONLY A SHARE OF TOTAL, AND WE WILL HAVE TO SHOW CONGRESS CDF HAS STRONG SUPPORT FROM OTHERS.

K. AN INDICATION BY JUNE 1 OF JAPANESE PLANS TO MAKE A SIZEABLE PLEDGE TO THE CDF WOULD BE HELPFUL SINCE SEVERAL PROSPECTIVE DONORS HAVE INDICATED THAT THEIR SUPPORT WILL DEPEND ON SUPPORT OF OTHERS.

4. EMBASSY RECOMMENDATIONS RE FOLLOW-UP IN TOKYO BY SENIOR OFFICIAL FROM WASHINGTON FAMILIAR WITH OUR CARIBBEAN PROGRAM WOULD BE APPRECIATED. VANCE

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